

running shy. But we will be back to talk about real health care problems in America, and that is the Balanced Budget Act's impact on health care and also the intergovernmental transfer issue.

The Balanced Budget Act was passed in order to reduce the deficit and balance our nation's budget.

I am proud to say that our goal was accomplished and we are now working with a budget surplus.

However, the BBA resulted in unintended consequences, cutting much more funding out of the Medicare system than was originally intended.

According to the Congressional Budget Office (CBO), the actual reductions brought about by the BBA—including the adjustment in the BBRA of 1999—are \$124 billion more than Congress voted for when passing the 1997 BBA.

Dean Harrison from the Northwestern Memorial Hospital:

Approximately 30 percent of the Northwestern Memorial Hospital's patient volume are Medicare beneficiaries, and they account for 37 percent of its patient days due to their longer length of stay. As a result, the BBA cuts in Medicare reimbursement will mean a total loss to NMH of an estimated \$65 million over the course of the five-year schedule of reductions. . . . The total negative Medicare margin will double from 1999 to negative 11.6 percent for the year 2000."

John Buckley, Jr. from Southern Illinois Healthcare:

[The] outpatient reimbursement situation isn't much brighter. Since the BBA was implemented three years ago, the reimbursement has fallen steadily, from 97% of costs in FY 1997 to 89% of costs in FY 2000. . . . Without additional BBA relief, out-patient losses will exceed \$1 million.

BBA spending reductions are forcing hospitals to lay off staff, cancel much-needed upgrades of facilities and equipment, and shut down critical services like home health care and other needed programs that cannot be maintained without compromising quality.

Allan Gaffner of Edward Utlaut Memorial Hospital testified:

As a result of the Balanced Budget Act cuts, the Utlaut Rehabilitation Department, which provides therapy services to the Extended Care Unit patients, was reduced to 54 percent. The Utlaut Rehabilitation Department, which previously consisted of 13 staff members, now has only six staff members. The limit on therapy services as covered by the Medicare Skilled Nursing Facility rules is delaying a return to health and greater independence. Rather than receiving as many as two hours of physical occupational and speech therapy services per day, Medicare patients are limited to a maximum of 75 minutes a day.

John Buckley, Jr. from Southern Illinois Healthcare:

Access to home health care is suffering in the communities Southern Illinois Healthcare serves. Because of the BBA spending cuts, we are serving 1,000 fewer patients and providing 86,000 fewer home health visits than we did three years ago. On top of that, we've had to lay off 150 staff members. Even with those dramatic cutbacks, we still lost nearly \$1.2 million on home health services in FY 2000.

Dean Harrison from the Northwestern Memorial Hospital:

Continuation and expansion of cost control efforts and the elimination of some services have allowed NMH to endure the cutbacks in Medicare thus far. In recognition of the effect the BBA would have on NMH, the hospital's skilled nursing facility was closed in early 1998 due to losses the unit was already incurring and a negative prognosis for its survival under the BBA.

According to HCFA: 933,687 Medicare beneficiaries will lose health maintenance organization coverage in January. Many of these people are left with no other Medicare options.

INTERGOVERNMENTAL TRANSFERS (IGTS)

Illinois hospitals are also very concerned about a rule HCFA is threatening to issue that would restrict intergovernmental transfers by limiting the amount that can be paid to county hospitals and nursing homes under the Medicaid "upper limit" rule.

HCFA has approved the Illinois program 22 times over the years without any indication that there was a problem.

The first time state officials were notified that HCFA had concerns was when the agency indicated they were issuing a rule against IGTS.

If the rule is enacted as proposed it would slash up to \$500 million in health care funding for low income residents of Illinois. This makes no sense, especially as the number of uninsured Americans continues to skyrocket.

After talking to hospital leaders back home, I am convinced that the Administration should not proceed with a rule that threatens the already fragile health care safety net across the country.

Ann Patla, Director of the Illinois Department of Public Aid:

If this federal regulation is adopted, the loss of funding will devastate the largest health care system in Illinois, operated by Cook County, and will severely impair the State's ability to serve Medicaid participants in all other counties. The State may be forced to: (1) seek repeal of recent health care expansions for the elderly and disabled; (2) retreat from rate reforms that encourage access to preventive and lower cost health care; (3) reduce outreach programs to encourage the use of Medicaid and SCHIP; and (4) substantially cut rates to FQHCs, hospitals, physicians, and other providers who serve Medicaid and SCHIP participants, as well as almost two million uninsured Illinoisans.

If some states are abusing IGTS—by using them to pay for highway repairs or tax cuts, for example—then regulatory changes should be targeted at curbing those abuses.

HCFA's current proposal, however, penalizes states like Illinois which use IGTS to maintain a health care safety net for low income residents.

A rule change, if one is needed, should preserve the legitimate and appropriate use of IGTS to provide health care for low-income persons.

INPATIENT SERVICE REIMBURSEMENTS (H.R. 3580)

BBA reduces Medicare payments for hospital services. Medicare provides payment updates below the marketbasket index.

Over 1998, 1999, and 2000 hospital inflation rates rose 8.2 percent, while the payment updates totaled 1.6 percent.

Below inflation updates coupled with rising costs associated with wage increases, prices per prescription for new drugs, new blood screening techniques, and mandated changes for compliance with administrative simplification and privacy are additional costs for hospitals.

How do we expect hospitals to maintain quality services when their reimbursement rates are so low?

We should pass a reform package that includes legislation to repeal Medicare inpatient update reductions of 1.1 percent scheduled for FY 2001 and FY 2002. To this end, I have co-sponsored H.R. 3580, the "Hospital Preservation and Equity Act."

Northwestern Memorial Hospital testified:

[H.R. 3580] recognizes that Medicare reimbursement to hospitals does not keep pace with the costs of caring for patients and would repeal the BBA's payment to hospitals for Medicare inpatient services for FYs 2001 and 2002.

Illinois Hospital and HealthSystems Association testified:

Recently the Medicare Payment Assessment recommended that Congress address the inpatient PPS update. MedPAC is the independent body that advises Congress on Medicare payment rates. Its data analysis show that nearly 35% of the nation's hospitals are operating in the red.

HURRICANE FLOYD DISASTER

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from North Carolina is recognized for 60 minutes as the designee of the minority leader.

GENERAL LEAVE

Mr. ETHERIDGE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include therein extraneous material on the subject of my Special Order this evening.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. ETHERIDGE. Mr. Speaker, this evening for the first portion of my special order I want to take about 5 minutes to raise an issue.

On the eve of 1 year ago, on almost the same date, one of the most destructive storms ever to hit my State came upon the shores. On September 15, 1999, Hurricane Floyd made landfall at the mouth of the Cape Fear River in North Carolina.

Floyd moved into the interior of my State and over the next couple of days proceeded to dump anywhere from 10 to 20 inches of rain in towns and communities and farm areas in parts of eastern North Carolina. These rains came only 12 days after the region was hit with pounding rains by Hurricane Dennis.

To call the results devastating would be an understatement. Our citizens suffered a full-blown catastrophe of monumental proportions.

Floyd produced the worst flooding in North Carolina history, with water exceeding what has been called the 500-year flood plain.

In North Carolina alone, Floyd was responsible for 7,000 homes being destroyed and 56,000 homes damaged. We can see from this photograph taken only a couple days after the rains as the flood waters had risen a whole town underwater. More than 500,000 people suffered without power for weeks on end. Damage estimates in my State range anywhere from \$4.5 billion to over \$6 billion.

Many people lost everything that they own. They lost their possessions, their homes, their farms, their cars, their clothing, their sentimental items that we rarely think about until they are gone: wedding photographs, military awards, the children's first report cards, love letters, those kind of things we cannot replace.

Jobs were lost because businesses were too flooded to reopen, making it that much harder for families to rebuild. And worst of all, Mr. Speaker, 506 people lost their lives, most of them due to drowning in fresh water.

I remember driving back to North Carolina that night and running into the storm on my way home. I remember touring the regions in the days that followed and seeing schools, homes, businesses, churches, entire towns flooded, as we see here.

At the peak of the emergency, 235 public shelters housed people. Almost 50,000 people were in shelters. I remember visiting them looking into their eyes and seeing the fear, the desperation, the hopelessness that those people felt. These were the images that no amount of time will ever replace.

In the face of so much destruction, so much suffering, it was inspiring to witness the people and the communities coming together and responding to disaster with the spirit of generosity and cooperation. People from all over North Carolina provided the victims of Floyd not only tangible items, like money, food, and supplies, but also equally important intangible things, their thoughts, their prayers, and their letters of support.

Another precious commodity donated was the time and effort countless thousands of North Carolinians gave. Volunteers aided in evacuation and rescue efforts and cleanups that affected towns and the care and treatment of families that were forced to live in shelters.

In addition, those volunteers provided valuable assistance and support to State emergency management personnel who worked untold hours. They led a valiant effort to respond to the needs of these victims, saving countless lives of people from all across this country and also donated to the cause of recovery.

I am so grateful for the many acts of generosity by my fellow Americans

who saw people were hurting and decided to help. Yes, they sent money; but they sent a lot of other things. We even had schoolbooks delivered from as far away as Hawaii by my friend and colleague, the gentleman from Hawaii (Mr. ABERCROMBIE), here in this body.

From the governor to our own State's delegation here in Congress, from Federal agencies to local leaders, the assistance North Carolina received provided absolutely critical help to our people.

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One year later, my State is still rebuilding, and we will be rebuilding for months, if not years, to come.

It is the assistance provided by my fellow Americans that made this possible, and as we reconstruct our State we are taking the necessary steps to provide for future disasters. By making our towns and cities more disaster resistant, we can reduce the loss of lives and property and lessen the devastating impact of future storms. If this storm did anything it proved determination and resolve of the indomitable spirit of the people of North Carolina. Our people come by the name Terrell honestly because we stand firm in the face of adversity. If anything knocks us down, we get right back up and fight another day.

Floyd dealt my State a crippling blow; but we are working to put our lives, our homes, our communities and ourselves back together. The people of North Carolina will never forget what happened in those days in September and the months that followed. Floyd has become part of our history, our culture, and our common experience. As Americans do when looking back upon a tragedy of this proportion, we were continually praying for our lost souls, comforting the anguished and distraught, honoring our heroes, rebuilding our homes and communities and looking toward the future.

THE IMPORTANCE OF EDUCATION

Mr. ETHERIDGE. Mr. Speaker, I am joined this evening by a number of my colleagues to talk about an issue of equal importance to this Congress and to our Nation and, yes, to our leadership in the world: Education.

Mr. Speaker, I rise today to talk about the critical needs of school construction, the shortage of teachers, the need to honor our teachers in a way that we have not done before. The critical need for construction in our communities across this country is at a crisis proportion.

I will be joined this evening by a number of my colleagues whom I will recognize in just a moment, who will discuss with me and with my colleagues the specific needs and plans that we have to help address these problems.

First, let me take just a moment to talk about some of the conditions in my congressional district.

Mr. Speaker, I have in my hand this evening a report prepared by the minority staff of the Committee on Government Reform's special investigative committee which is entitled K-3 Class Sizes in the North Carolina Research Triangle Region. The gentleman from North Carolina (Mr. PRICE) and I asked that this be done for our congressional districts, and this report has some startling numbers. It shocked the people in our congressional districts and it should shock all Americans that care about children and care about the future of America, and we want to talk about that this evening.

Although there is much debate and an awful lot of rhetoric in this town about education, I believe we need to stick to the facts, and here are some of the facts. Fact number one, last year in one of our countries, Wake County, a portion of my district, another portion of the gentleman from North Carolina (Mr. PRICE), over 95 percent, let me repeat that again, over 95 percent of the young children in K-3 were taught in classrooms that exceeded the national goal for classroom size. Across this 13-county region, 91 percent of the children in kindergarten through the third grade were taught in classes that exceeded the 18-person goal.

I went into a classroom in Lee County where a teacher had 29 children in the kindergarten classroom with no help. Five of those children spoke no English and their parents spoke no English. Three only had limited English.

Now, my wife and I, we are fortunate. We have three great children. I would not want 29 children that I had to deal with at any one time in our house. I would have a difficult time. And to deal with young children in kindergarten by yourself with those numbers, one cannot do it; one absolutely cannot teach. They are keeping school. There is a difference between keeping school and teaching school, and that is just not acceptable.

More troubling is the fact that a whopping 42.5 percent of K-3 students in Wake County are in large classrooms of 25 students or more, and I can say that is repeated in a lot of places across this country. Not surprisingly, small class sizes lead to greater academic achievement. If the class size is reduced, academic achievement follows. How do we get there? We are going to talk about that this evening, not only in K-3 but all across America.

The report demonstrates that class size reduction in the early grades is one of the most direct and effective ways to improve educational performance. I really did not need the study to tell me that. I have known that for a long time. Having served as a superintendent for my State schools for 8 years, I knew that before I came to Congress. Sometimes we need a report to verify it, to reinforce it so people

will understand it and it gives credibility.

Last month, the U.S. Department of Education reported that my State's high school enrollment will skyrocket by 26 percent over the next decade. We will be the fourth fastest growing State in America. I think California is first; Texas and several others. But it is just tremendous. We are growing rapidly in this country. We have to meet those demands. We now have more children in public schools, 53 million, than at any time in the history of America. We know the problem is only going to get worse. It is not going to get better. We have to deal with it, and local schools need help and they need us in Washington to get together and help. We have an opportunity to do it.

I have a son who taught the second grade, then the fourth grade. Now he is a special teacher. Brian is a great teacher, but one cannot be a good or a great teacher when they are in overcrowded classrooms, poorly lighted, poorly ventilated and all the problems that are associated with it, because in this country we have teachers teaching in converted bathrooms. We have them teaching in closets, in basements and a lot of trailers. I will go into that later this evening, but we have to reach out and use the resources that we have to make a difference for our children.

It is hard to tell a child education is the most important thing they are about and we send them to an old rundown school as they ride by some nice prison or a nice other building. Children do not have to be told. They know what is important.

Mr. Speaker, I would be happy now to yield to my colleague, the gentleman from Tennessee (Mr. CLEMENT), who has joined us this evening, because he has some important things to say. He has been involved in this educational issue all of his career, and we are glad to have him in Congress.

Mr. Speaker, I will now yield to the gentleman from Tennessee (Mr. CLEMENT).

Mr. CLEMENT. Mr. Speaker, I thank the gentleman from North Carolina (Mr. ETHERIDGE) for yielding.

Mr. Speaker, I might say to the gentleman from North Carolina (Mr. ETHERIDGE), I am glad he commented on Hurricane Floyd, the flooding in North Carolina. As the gentleman knows, once upon a time the State of Tennessee was part of the great State of North Carolina, and North Carolinians did rise to the occasion, and I would like to say for the Members of the U.S. House of Representatives, everyone wanted to help and assist, knowing that this was a time of emergency; that we needed to come to the rescue of these wonderful people that were having such a difficult time.

I know we are all here tonight, and I am pleased to be here with the gentleman, because I know the gentleman

is such a leader in education and in so many other areas, but also our other colleagues, the gentleman from North Carolina (Mr. PRICE), who I have worked with in the past very closely, also the gentlewoman from California (Mrs. CAPPS), and I might say she had a wonderful husband who was a Member of Congress that served so well and ably here, and the gentleman from New Jersey (Mr. HOLT). It is a pleasure to be with all of them to talk about something that is near and dear to my heart, and that is education.

I am a former college president, and I will never forget my first day in Congress. People would come up to me and say, boy, you are a Congressman now. That is really something.

I would say that is right, but the last 4½ years they have called me Mr. President. Well, I am pleased to be a Congressman and still be involved and engaged in education, and I am currently co-chair of the House Education Caucus with the gentleman from Missouri (Mr. BLUNT), who is also a former college president.

I know firsthand the importance of public schools and the value of a good education. Our children from Tennessee and all across the country are back in school again learning. I think it is appropriate for us in Congress to pledge to these students that we will do everything possible to ensure that they receive a quality education in quality schools by quality teachers. We cannot expect our children to reach their potential if school facilities, as the gentleman mentioned, are inadequate; if they do not have access to computers and the Internet or if their teacher is trying to teach in an overcrowded classroom.

I am pleased to join with many of my colleagues on both sides of the aisle in cosponsoring H.R. 4094, America's Better Classrooms Act, which will provide much needed school construction funds. A report issued by the National Education Association found that upwards of \$254 billion is needed to accommodate growing school enrollments, fix deteriorating buildings and wire schools to be on the Internet.

The average public school today is over 42 years old. School enrollment is already at a record level and expected to continue to grow, which will lead to further overcrowding and a greater need for modernization. Research shows what parents already know. Students learn best when they are in a safe, modern school with small classes, with 21st century technology. The Federal Government has a responsibility to provide States and localities with financial assistance for education. H.R. 4094 will provide tax incentives to State and local governments to build state-of-the-art classrooms that will make all neighborhood public schools a better place for our children.

In addition, I am pleased to join with my colleagues in calling for adequate

funding to be provided in the appropriation bills for school construction and smaller class size initiatives. I sincerely hope that we can find a way to fund these important priorities. If we are to continue to prosper economically, America must have an education policy that provides the best school facilities and smaller classes for all of our children. Modern schools and small class sizes lay the foundation for success, but in today's world of technology and the global economy an education that ends with a high school diploma is simply not enough. A 4-year college degree is increasingly considered the minimum education for a large proportion of high school skills and jobs that people want. An annual income for a person with a college degree is nearly twice that of someone with just a high school diploma.

Unfortunately, the cost of higher education has been a deterrent to many who wish to continue their education. However, this should not be the case. Assistance must be available to make college possible for every student if they want to pursue an education, whether it is a college degree or some other form of education. We cannot afford to let higher education be out of reach of those students who wish and desire to further their education. No student, regardless of socioeconomic background, should be deprived of something as priceless as an education.

The gentleman from North Carolina (Mr. ETHERIDGE) knows and I know that the cost of education is going up and up and up. In 1997, 1998, tuition room and board, \$8,000 at the 4-year public colleges and universities. For the private counterpart, it is over \$24,000. I know that as a parent having children in college today. During the 1999/2000 academic year, students received more than \$65 billion in financial aid. Often the financial aid process can be confusing and overwhelming to parents, students and those involved in higher education and yet financial aid is often the key, not only to higher education but a successful future.

I will tell all of my colleagues what I did last weekend and it really worked. I joined with the Sallie Mae Trust for Education, and I encourage all to do the same thing, in hosting an event in Nashville, Tennessee, on paying for college. This seminar brought together representatives from Sallie Mae, the Tennessee Student Assistance Corporation and representatives from area colleges and universities to discuss with parents and students the availability of financial aid. With over 280 participants, the forum was a wonderful opportunity to share information on financial aid with parents and students. I think parents came away with a better understanding of exactly what kinds of assistance is available through the local, State, and Federal government, private lending institutions and

individual schools and how to apply for it.

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This kind of assistance is critical in helping our children attend college; however, we in Congress have an obligation as well. If we expect to continue American dominance in the 21st century, we must fund such critical financial aide programs as Pell grants, Perkins loans and Federal work study programs. These initiatives allow millions of students to attend college who otherwise never would.

These are investments whose returns far exceed the outlay. America has always been the land of opportunity for everyone. We simply cannot allow our schools to decay, our classes to spill out into hallways and our colleges to become a privilege enjoyed by a select few. I thank the gentleman from North Carolina (Mr. ETHERIDGE) for giving me the opportunity to fight for education on the floor of the U.S. House of Representatives.

Mr. ETHERIDGE. Mr. Speaker, I thank the gentleman from Tennessee (Mr. CLEMENT) for his comments, but, more importantly, for his commitment to education and his hard work.

As we continue in this special order, I am pleased to be joined by the gentleman from California (Mrs. CAPPS), my friend and fellow colleague, who has really been a leader in education. She understands the needs of students. She came to this body with her husband. She is a nurse by training. She understands what the need is, and she fought for children to have a decent classroom in California, which is another one of those States that is bursting at the seams.

I yield to her for her comments.

Mrs. CAPPS. Mr. Speaker, I thank the gentleman from North Carolina (Mr. ETHERIDGE), my colleague, for yielding to me. We are going to make this an across-the-country discussion this evening of this issue of such great importance.

Mr. Speaker, I am here this afternoon to discuss an issue of such great importance in my district and across this country: school construction and modernization. Last week, I visited Peabody Charter School in Santa Barbara, California. At Peabody School, students receive a top-notch education. Unfortunately, these students also feel the disturbing effects of overcrowding and inadequate school facilities.

This is a school built for 200 students. Today it has an enrollment of way over 600 students. In an attempt to accommodate, portable classrooms take up precious playground space which should be used so that students can take part in physical activity, an important part of their education. Peabody School is one school in my district, which I am using this afternoon as an example to represent the dozens

of overcrowded schools in my district. There are dozens of schools like this school, overcrowded and antiquated, in California and across this country.

It seems rather amazing to me that as we begin this new century in this country, with unparalleled prosperity before us, relatively at peace in the world, that we are allowing our most precious resource, our children, to face their future preparing for it in circumstances that are far from ideal, that in many instances are totally unsatisfactory.

Mr. Speaker, yes, public education in this country, one of our most important hallmarks, is a matter for local control; but I believe these issues are so pressing that there is a role for all of us to play. In my opinion and in my belief, the Federal Government can help to free up needed funds so that local districts can make the decisions they know best for the children in their communities.

And I have here today a letter to our bipartisan House and Senate leadership asking that they allow and encourage the passage of H.R. 4094, the America's Better Classrooms Act before this session of Congress comes to a close.

This letter is signed by over 300 students from Peabody School. I have the letter here. I have two signatures along with mine, and then I have a collection of pages with signatures, second graders, third graders, fourth graders, fifth grade, sixth grade, 300 students in this school. They asked me if I would bring this letter with their signatures; and I told them that I would not only bring it to Congress with me, but that I would carry it with me to the floor and stand here in the well and give their testimony to this House and to the Senate so that we can meet their expectations.

These students were very excited to take part in this process, since overcrowded schools is something they know all about. It is an issue that affects their lives on a daily basis. In signing this letter, Peabody students are really making a statement about their educational environment and helping to improve the lives of future Peabody students. And they are actually speaking for students in their situations across this country.

The America's Better Classrooms Act has bipartisan support and 225 cosponsors. It would provide approximately \$25 billion in interest-free funds to State and local governments, for local school construction, and modernization projects. The funding would help schools like Peabody make improvements to classrooms and playgrounds and would help to reduce class size.

Here in Congress, we must set our standards high to ensure that all children have a healthy start. All children deserve to have safe, clean and modern schools to attend each day. And, Mr. Speaker, my friends at Peabody Char-

ter School ask us that we bring H.R. 4094 to the floor for a vote before this session of Congress comes to a close. I thank the students, my friends, for sharing and asking, along with me, for this vote. We owe them the best we can offer them.

The business world, which has helped to bring our economy to the fast pace that it enjoys today, knows the importance of investing in infrastructure, and here our most precious resource, the key to the future and for future economic development, our children, ask nothing less that we pay attention to their surroundings and their learning environment. In doing that, we will assist them in becoming the best that America can be for the rest of this century and on into the future.

I thank my friends at Peabody School. I thank my colleague, the gentleman from North Carolina (Mr. ETHERIDGE), the former superintendent.

Mr. Speaker, I include for the RECORD the following:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
September 11, 2000.

Hon. DENNIS HASTERT,
House Speaker,
U.S. Capitol, Washington, DC.
Hon. RICHARD GEPHARDT,
House Minority Leader,
U.S. Capitol, Washington, DC.
Hon. TRENT LOTT,
Senate Majority Leader,
U.S. Capitol, Washington, DC.
Hon. TOM DASCHLE,
Senate Minority Leader,
U.S. Capitol, Washington, DC.

DEAR CONGRESSIONAL LEADERS: We are writing to ask for your help with a long standing problem in our schools here on the Central Coast—overcrowding. Before the 106th Congress comes to a close, we ask that you pass H.R. 4094—the America's Better Classrooms Act—an important piece of legislation that would help improve Central Coast students' learning environments.

At Peabody Charter School, students receive a top-notch education, but also feel the effects of overcrowding. Imagine how hard it would be for members of Congress to concentrate and work in conditions similar to those found at Peabody. Unfortunately, overcrowding problems exist in schools across the country, and we know this can have an impact on students education.

H.R. 4094, which has bi-partisan support and 225 co-sponsors, would provide approximately \$25 billion in interest-free funds to State and local governments for school construction and modernization projects. This funding would help schools like Peabody make improvements to classrooms, playgrounds and would help reduce class sizes.

We must set our standards high to ensure that all children have a healthy start. All children deserve to have safe, clean, modern schools to attend each day. And so, my friends at Peabody Charter School and I ask that you bring H.R. 4094 to the floor for a vote before this session of Congress comes to a close. The congressional session is coming to an end, but Peabody students have a lifetime of learning ahead and need your help.

Sincerely,

LOIS CAPPS,
Member of Congress.

NICK HILL,
MILAGROS MACIAS,
Peabody Charter
School Students.

Mr. ETHERIDGE. Mr. Speaker, I thank my colleague from California (Mrs. CAPPS) for her remarks, and I thank the children. We tend to forget here sometimes that it really is about them. We get to dealing with a lot of weighty issues, and they are important. But in the end, most of us, if we are honest with ourselves, it is really about our children, our other children. And all the issues of security, safety, et cetera is about that, and that is why I introduced the bill early on for school construction.

I am glad to see the kind of structures taken, and I would say to my colleagues that in addition to those 200-some people that signed, the leadership in this body has still refused to bring it up. We have now drafted a letter, and we have over 150 of our colleagues having signed it to go to the President. I hope all the rest of them will sign it by next week, encouraging them not to give in on any issue until we get some school construction money for children across this country.

My friend, the gentleman from New Jersey (Mr. HOLT), has been a real leader. He came here as a teacher. He still is teaching us about the importance of education. I am glad to have him join us this evening in this Special Order, and I yield to him.

Mr. HOLT. Mr. Speaker, I thank the gentleman from North Carolina (Mr. ETHERIDGE), for yielding to me. I am pleased to be here with the gentleman on his Special Order this evening to talk and focus on school construction and talk about the implications that that has for education overall.

I do thank the gentleman for setting up these Special Orders. The gentleman has been a leader in education, starting with his school board back home and going through his time as State superintendent of schools in North Carolina and then preceding me here in the House of Representatives. The gentleman has been a true leader.

Mr. Speaker, I visited nearly 100 schools in my district; and everywhere I go across the five counties that I represent, I hear from parents and teachers and administrators and students about the problems of overcrowding. It is no wonder the number of school children, certainly in my part of the country and in many other parts of the country, is setting record levels.

We are experiencing what is sometimes called the echo of the baby boom, and there are schools where the student population has doubled in the past 10 years. I can show my colleagues school districts where the kindergarten is twice the size of the 12th grade. We do not have to have higher mathematics to understand the implications of that for school construction.

The classrooms are overcrowded. To alleviate this, many schools are turning to trailers. Trailers may be a temporary solution. In one place in my district, in one school district, in fact, at one school, there are 18 temporary trailers out back, and another three in the school next door and others that will be moved in in coming weeks.

Mr. ETHERIDGE. Reclaiming my time, this gives me an opportunity to really talk about the heart of the issue. We have the gentleman from North Carolina (Mr. PRICE), and if he will join us here we can get into it. When we talk about that, what many people who are not in the school fail to see is we have those extra students in trailers or in closets or wherever, and most cases we do not increase the size of the cafeteria where children eat or the media center or the libraries, as many of us would think of years ago, nor the bathroom where children need to go, all of those extra facilities that teachers need to take. And if they are out in a trailer outside when it rains, what happens to the children? They get wet.

Mr. HOLT. If the gentleman would yield, the students tell me that they get teased because they get wet going back to the classes that they have in the other building, and these trailers are not a cheap solution either. They are expensive to install, expensive to maintain. And what I am struck by is that their long and narrow floor plan makes them really totally unsuitable for instruction.

I asked a teacher, well, what do you do when you need to write on the blackboard, because the students on either wing cannot see the blackboard, and he said, well, he has to talk about word by word or number by number what he is writing on the blackboard and hope they can take it down. That is no way to teach children.

Mr. ETHERIDGE. On that point, reclaiming my time, if I may, I would ask my colleague, the gentleman from North Carolina (Mr. PRICE) to join us. The gentleman and I visited a number of schools, and let me say I appreciate him joining us this evening. Not only has he been a leader in this, but a leader in trying to find us teachers we are going to need to fill those extra classrooms we are going to build, because he has a piece of legislation on it, and he was kind enough to let me join him and be a part of it; and I think the gentleman from New Jersey (Mr. HOLT) is on it also. He has seen this, and he has been a fighter. Not only is he a teacher, but he has taught a lot of us here how important it is for education.

Mr. Speaker, I yield to the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Mr. Speaker, I thank my colleague for calling this Special Order and for helping us focus our attention here in this critical closing period of the 106th Congress on our education needs.

My colleague, the gentleman from North Carolina (Mr. ETHERIDGE), referred earlier to this study, which the minority staff of the Committee of Government Reform and Oversight has carried out, showing that 90-plus percent of our students in our part of North Carolina are in classrooms of larger than the recommended size. This is children grades K through three, when we know class size matters most.

The gentleman and I took a tour a few days ago to unveil this report. We went to an elementary school in Cary, North Carolina, in my district, and then in Raleigh and then in Wake Forest; and as he has already said, we witnessed the situation there. I must say that the teachers and the students are making the best of the situation. They have made these trailers attractive, and they have made the best of it.

But in some of these schools, the children are eating lunch at 10:15, 10:30 in the morning, and as late as 1 o'clock and 1:30 in the afternoon simply because the central facilities had not caught up with all the additional population of the school occupying these trailers. And the same is true of the bathrooms; the same is true of the athletic facilities. It is unjust in a country as wealthy and as prosperous as ours when we know, when we know beyond a shadow of a doubt that children's ability to learn and teacher's ability to teach is linked to a decent class size. I just think it is unconscionable that we are not addressing that situation.

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I think local and state authorities often are doing the best they can. On this tour with us, we had the county superintendent of schools, we had school board members, we had county commissioners. There is no question we are in this together, and nobody is blaming the other. It is a matter of working together at all levels of government and making the Federal Government and especially the Federal Tax Code a partner in what we need to achieve. It is that kind of partnership we are looking for.

If we can get this legislation on the floor in these closing weeks, I believe we can do great things to bring 100,000 new teachers into the classrooms of America and to expand our schools and to modernize those schools.

Mr. HOLT. If the gentleman will yield. Of course the real purpose of our being here this evening is to call attention to the action that we have yet to take here in the House of Representatives, to call on the leadership to act on these bills.

The school construction bill is a wonderful partnership between the Federal Government and the local school district, and it is applicable not just in schools that are overcrowded because of a booming population, such as in my district. It is also applicable to the

school districts where the schools are aging.

Across the country the average age of a school now is well beyond what a business or industry would consider satisfactory for use. It is well into the 40 years for an average school. In New Jersey it is actually closer to 50 years for the average age of schools. We have all heard stories of ceiling collapses, of teachers who put cheesecloth over the vents to stop the lead paint flecks from coming in to the classroom.

Estimates by the civil engineering societies say that school construction is the number one infrastructure need of the United States of America, and to put America's classrooms reasonably up-to-date would have a price tag of several hundreds of billions of dollars.

The school construction legislation that the gentleman from North Carolina (Mr. ETHERIDGE) has presented to us as a companion piece to that that is sponsored by Representatives JOHNSON and RANGEL that would be a great boon to school districts that have aging schools and to school districts where the population is booming and they cannot keep up the construction, have enough construction to keep up with the population, and in the school districts who need to build so that they can have enough classrooms to have the smaller class sizes that are ideal for education.

Mr. PRICE of North Carolina. Mr. Speaker, if the gentleman will yield just for a moment. I want to underscore something the gentleman said just a moment ago about the way this legislation would work and the fact that decisions about when and if to build would remain under local control.

We are not suggesting, and this is the genius, I think, of the Etheridge proposal and that of the gentleman from New York (Mr. RANGEL), the President has made similar proposals targeting low-income schools and high growth schools. The genius of that proposal I think is that it would leave the decision in local hands, it would leave the responsibility about issuing the bonds and raising the funds in local hands, but it would say that through the use of the Federal Tax Code, through giving tax credits to the holders of those bonds in lieu of interest, we are going to let those local authorities stretch those dollars a great deal further. That is a non-intrusive approach that leaves the decision where it should be, but makes the Federal Tax Code the friend of those who would invest in our children and invest in our school infrastructure.

Mr. ETHERIDGE. I think the gentleman is right. We never hear those complaints when it comes to building other things that we allow the Tax Code to be used for. I think that is the secret here. I think the leadership in this House has an obligation to the American people to say we are either

for children or we are against them. If they do not bring it up, we know where they stand.

When you have over 225 Members sign a piece of legislation and you cannot get it on the floor of this House, it is obvious that they have decided in their great wisdom that there is not that need. I think that is absolutely wrong.

As the gentleman from North Carolina (Mr. PRICE) and I know, and you mentioned in your district, we were at Joyner Elementary School, and they had a little trailer park out back, literally, and the children were having to go back and forth. They were doing a good job. I remember what Kathleen Marynak, the principal, said, "We call these our cottages in the woods," I believe she said, trying to help the students, but literally they had to walk up a hill, and when it rained they got in trouble.

We went to Wake Forest Elementary and talked to the principal, he was standing there, and he said we have 829 students in a school originally built for 361 students. They added to it, but they had an awful lot of portable facilities there.

It is just not right at this time. The gentleman from North Carolina (Mr. PRICE) is well aware of this and the gentleman touched about growth communities. In Johnston County, a county south of Wake, and it is true of every county around because we are growing, they built a new school and had something like 18 trailers. They moved those off and opened a new school, and they are now back up to eight. It is growing that rapidly. The students have to walk through rain to get there. I remember what Nell Ferguson said. She said we do the best we can. We nurture all we can.

But we get back to the problem that the gentleman from North Carolina (Mr. PRICE) talked about, which is this whole issue of children starting lunch early. If you are a little fellow, I just wonder how many Members of Congress, and, now, we sometimes do not get to eat lunch and I understand that, but every day if you had to go eat lunch at 10, 10:15 or 10:30, and you are in a controlled situation and do not get a snack until you are home at 3:30 or 4, if you are on a bus, I wonder how many adults would like that around here?

Mr. HOLT. Yes, I can imagine. Some days I know what that is like.

I would like to turn our attention to your school construction legislation, because I would like to believe that if my colleagues here understood it, and if the leadership really understood the legislation that the gentleman has put forward, they would not stand in the hallways, they would not block this. It makes such good sense.

I would like to ask my colleague to explain for us why this is not taking away local initiative, the local control

of schools? As my colleague, the gentleman from North Carolina (Mr. PRICE), said, part of the genius of this is it allows the local school districts to decide when and what needs to be constructed.

Mr. ETHERIDGE. The gentleman is absolutely correct, because the way it is drafted, the locals only pay the principal back. They determine it. The interest is paid by all of us as citizens in this country. It is not unique, because we do it on other kinds of projects in this country. For some to say it has not been done, it was really done in education right after World War II, some money was appropriated because of the growth.

We are at a time now where we are seeing phenomenal growth, a tremendous economy, none like we have ever seen before in this country, and we not only have an obligation, we have a great opportunity to make a difference and propel this economy at a whole new level.

As we move forward and as we talk about construction, as important as that is, and that is a critical part, we need people to go in those classrooms, the 100,000 teachers, the next installment we are talking about this year. That is going to be a fight before we adjourn, count on it. They want to block grant it.

Well, having been State superintendent, I will share with you what a block grant means, and to my other colleagues. I want Members to understand what we are talking about. It means you use it for whatever you want to use it for.

As a Member of this Congress, if I want it spend it for teachers, and I think the people out there would tell you it goes for class sizes, put it on teachers, I guarantee you parents will say the same thing. They do not want it diluted.

As we do that, one of the critical pieces we are going to be facing over the next 10 years is replacing all the teachers that have the ability to retire. I think that is a great challenge, one of the challenges. While we are on this, the gentleman from North Carolina (Mr. PRICE) introduced some legislation, and I hope he will share his thoughts on that as we look between the two of you at this whole issue, because having taught, you understand it.

Mr. PRICE of North Carolina. I thank my colleague for referring to this, because it clearly is part of this solution. As we build additional classrooms, as we get children into lower class sizes, especially in the early grades, we are going to need quality teachers to teach those children.

As a matter of fact, we are confronting a teacher shortage in this country, and it is going to get a great deal worse before it gets better. The estimates are we will need to hire 2 million new teachers in the United States

over the next 10 years; and in North Carolina, we are going to need to find 80,000 new teachers. Believe me, that is a great deal more than we are producing at the present time.

That is a lot of manpower and woman power we are going to need to bring into the classroom. This 100,000 new teachers proposal of the Presidents is an important down payment on that, and, goodness knows, we should not go home before we do that. I cannot imagine we could do any less than bring on an additional installment of those 100,000 new teachers in the classroom.

But, as my colleague said, we have a piece of legislation that I think is very promising for the long haul, and I would like to commend it to colleagues. These colleagues here tonight have very generously cosponsored this bill, it is H.R. 4143, the Teaching Fellows Act.

This is legislation, just briefly, that would build on some successful State experiences in recruiting and training teachers. We have in North Carolina the North Carolina Fellows Program which takes high school seniors and gives them a scholarship to take them through the 4 years of training to be teachers. But it is so much more than just money, it is not just a scholarship. This cohort of students goes through college with an extracurricular program that solidifies their professional identity and trains them in what it means to be a professional, what it means to serve the community. The retention rate for these teachers, the people who stay with the program after they have done their obligation, is very, very high. This is a State-based program that has worked very, very well, and we would like to take this nationwide. We would like to build on it in North Carolina and see States across the country do this.

There is a second feature to this, and this is something that I think is something new, although in North Carolina we are making a start with our North Carolina model teaching consortium. The idea here is to reach into our 2-year schools, reach into our community colleges and take paraprofessionals, people who may be training as teacher's assistants, and give them the wherewithal and the incentive to go on for that full 4 years, because I think that is an excellent source of teachers. These people are rooted in the community, they are already serving children, and, with an additional incentive and with some work at the institutional level to make sure there is a seamless transition from that 2-year to 4-year program, I think we will have a whole new resource there for our teaching force out of our community colleges.

So those are the two main components, the Teaching Fellows Program for high school seniors and then the Teaching Fellows Partnership Program for students in community colleges. We

have a number of cosponsors, a number of people who have indicated an interest in this.

I just think the quality and quantity of our teaching force is probably going to be the dominant public education issue over the next decade, and I believe this legislation could help us prepare for it.

Mr. HOLT. If the gentleman would yield, I would like to underscore a couple of points that he has made about these numbers. The latest numbers I have from the Department of Education say that in the next 10 years we will need somewhat more than 2 million, probably 2.2 million new teachers, just to stay even. This is not to have smaller class sizes, to reach this optimum of 18 students in the early grades, but this is just to stay even with the attrition, the retirement of the teachers and the students that are now in the pipeline.

Where are we going to get these teachers? This raises questions of where we will recruit them, how we will encourage them and mentor them, train them and see that they are treated as the professionals that they are, and how they will get ongoing professional development. I think the gentleman's proposal is a very good one, and that will help in this.

We must at the same time work for smaller class sizes. The President's proposal, he has made this a personal cause, is to get smaller class sizes in the early few years, and I hope we can do that.

Once again we are coming to the end of the appropriations cycle and the money is not there. In the past 2 years the President has been able to succeed in the negotiations with his masterful negotiation skills to get the installments on these 100,000 new teachers. I just hope we will be able, before we go out of session this year, to get the next installment on that.

Mr. PRICE of North Carolina. I think we all have to push toward that end, and I hope we can have a good bipartisan effort on that. There is no reason before we go home that we should not have the next sizable installment of those 100,000 new teachers on the way into classrooms in those early grades across this country, and there is no reason that we should not have this school construction program in place so that local school authorities, who know firsthand what the needs are, can take advantage of this and get those facilities on line.

There has been a lot of talk about whether this Congress is going to go down in history as a high achiever or a low achiever. Right now it is looking more on the low side. What could change that would be for us to catch on fire here in these remaining weeks and do a job for public education.

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Mr. HOLT. Mr. Speaker, if the gentleman will yield, I would also, before

we finish this, just commend the gentleman from North Carolina (Mr. ETHERIDGE) for his very attractive tax credit school bond proposal. It would be of great benefit to districts like mine. New Jersey would be able to get on with building a couple hundred million dollars worth of school construction, just in my State, if this legislation goes through. I certainly am doing all I can to advance this legislation, and I thank the gentleman from North Carolina for bringing it forward and for pushing it. There are only a few precious weeks of legislative time left this year, and this is surely one of the most important things that is remaining on our agenda.

Mr. PRICE of North Carolina. Mr. Speaker, if the gentleman will yield, let me chime in and also thank my colleague from the neighboring district in North Carolina. We have worked together cooperatively on so many things, and there is nothing more important than this. I thank the gentleman for calling this Special Order and for focusing all of our attention on the unfinished business in the days ahead.

Mr. ETHERIDGE. Mr. Speaker, let me thank my colleagues who are still on the floor and others who have left this evening, because we really are serious about this issue. It is an issue that is critical to America's future as we talk in this Special Order about creative solutions to these problems. Certainly school construction is part of it as we invest in a national commitment to educational excellence where schools are accountable to our taxpayers for raising standards and every child has an opportunity to learn. One cannot learn when one is not in the right kind of conditions. Improving education in this country is about creating a classroom environment where children can learn and teachers can teach.

Mr. Speaker, I was in Sampson County on Sunday and dedicated a new school. It was amazing how important that school, on the outskirts of a small community, identifies a community. Our schools do identify communities. We need to foster a greater connection between students, teachers, and parents. Our schools can do better; and with our help, they will do better, and we have to quit pointing fingers and start joining hands.

Mr. Speaker, it is amazing what a hand is about when we give a helping hand instead of pointing fingers. We are good at pointing fingers around here. One of the best ways we can improve education, as we have talked about this evening, is to help provide for smaller class size, help provide for more teachers, where we can have orderly and disciplined classrooms, where children get the additional attention that is so badly needed.

We have children coming to our public schools to start from a variety of

backgrounds, children who are loved; unfortunately, some who are not loved like they should be. Some who are well advanced and others who are not. But teachers try not to differentiate; they love and care for all of them and try to ignite that flame of learning in each child. They can only do it if we give them the help and support they need.

We do need a national commitment to the notion that parents in America have the right to expect that their children will have the best teacher in the world in that classroom. There are places in this country where they absolutely do not have the money; they do not have the resources to do it. They cannot build the buildings, and they cannot hire the teachers. Dagburnit, we ought to be about helping them. That is what America is about. We need to provide support for teachers as they do this difficult, difficult task.

It is a critically important job. It is the most important job we are about in rearing children early. We have had enough teacher-bashing in this body the last few years; and an awful lot of it, I am sorry to say, has come from my Republican colleagues on the other side of the aisle, and that must end and it must end now. We have to come together and help. We are in this thing together. Our children deserve no less. We must make every neighborhood school in this country work, and work as they should.

That is why we are working to help pass H.R. 4094, and that is a bipartisan piece of legislation. I am thankful that we have finally gotten there. It does provide \$25 billion for school construction money across the country. A lot of money? Yes. Not nearly enough to get the job done, but enough to get started and say we do have a commitment at the national level; and yes, we are going to be a partner. Unfortunately, this Congress has failed to act, and the leadership has not brought it to the floor to provide our local communities with the assistance they need.

Mr. Speaker, our schools are bursting at the seams. In communities throughout my district and across this country, the flood of student enrollments keep coming, and at the public school level, there will not be and cannot be a sign on the door that says, no vacancy. We can do that in a lot of other schools. Private schools can say, we cannot take anyone else. Colleges and universities can find a way not to accept, but when school opens in September and August and they keep coming as they transfer, they take them, and classes get overcrowded. We must continue to take them and help them. We have to help our schools meet this challenge.

This Congress must take action to help these communities cope with this urgent problem, and we must act this year. We cannot wait another year. For many of these children who will be

stuck in trailers, shoved in closets, crammed in the bathrooms and in converted other rooms, gymnasiums, substandard facilities, that is not acceptable in a country that has the resources we have. This country needs to help schools where better order and discipline can foster better learning for all of our children.

Mr. Speaker, I urge this Congress to stop playing partisan games, to lay down our swords and pick up the language of working together and put our Nation's children first. Pass school construction legislation without further delay.

Mr. Speaker, I have written a letter to the President with the gentleman from New York (Mr. RANGEL) and a number of my colleagues insisting that school construction, in any final budget compromise with the congressional Republicans, be the highest priority. More than 150 of my colleagues have joined me; and I trust before early next week, we will have over 200 names, as we have on the bill.

The American people consider this their highest priority. They want to improve education by building new schools, hiring new teachers, reducing class sizes and improving order and discipline in the classrooms so that our children can get the attention they need and learn as they should learn.

Mr. Speaker, again, I want to thank my Democratic colleagues for joining me this evening in this very important Special Order. There are a lot of things we deal with in this body that are important, no question about it. This is the people's House, one of the greatest Nations in the world. But I am here to tell my colleagues that there is no issue that we face on the threshold of the 21st century that is more important to the security of this Nation, to the prosperity that we hope to have in the 21st century, than that we have the resolve and the commitment to do what needs to be done for the children of America.

Mr. HINOJOSA. Mr. Speaker, back in July this body unfortunately rejected a motion to instruct conferees on the FY 2001 Labor/HHS/Education appropriations bill—a motion that insisted on more education funding and dedicated funding for class size reduction and school renovation. Personally, I couldn't believe this motion to instruct failed. I say this because as parents all across America know, our nation's schools are overcrowded.

Children in Texas returned to school in August, and I can tell you that over the past several weeks I have heard again and again from parents talking about the need to address the challenge of overcrowded schools.

Total public and private elementary and secondary school enrollment has continued to rise, from 52.8 million in 1999 to a projected all-time record of 53.0 million this fall. These numbers are projected to rise for most of the century.

The point I simply want to make today is that as the United States embraces these new

generations and new arrivals to our schools, we must be prepared to be able to provide a quality education to all students. We must help communities nationwide modernize their schools and we must support class size reduction so that America's children are in an environment where they can realize their full potential. These are smart investments—investments that merit broad bipartisan support.

INTEREST AMERICANS PAY FOR CURRENCY

The SPEAKER pro tempore (Mr. VITTER). Under the Speaker's announced policy of January 6, 1999, the gentleman from Washington (Mr. METCALF) is recognized for 60 minutes as the designee of the majority leader.

Mr. METCALF. Mr. Speaker, I would like to speak on the topic, Interested in the Interest that Americans Pay for Their Own Currency, and I hope we are. I think we should be.

The interest owed on our national debt to the Federal Reserve System is a disgrace. One day it will be the single largest budget item in our national budget. It ranks number two presently, but not by much. And Americans pay interest also on their currency. I will repeat that. Americans pay interest also on their currency; indirectly, of course, but it is still true.

Currency is borrowed into circulation. Actually, we pay interest on the bonds that needlessly back our currency. The U.S. Treasury could issue our cash without debt or interest as we issue our coins today. Member banks must put up collateral, U.S. interest-bearing bonds, when they place each request for Federal Reserve notes, according to the Federal Reserve Act, section 16, paragraph 2, in the amount equal to that request. The cost to each American is about \$100 each year to pay interest on these bonds, or really the cost of renting our cash from the Federal Reserve. So we actually pay a tax on, or a rental fee, to use the Federal Reserve's money. To repeat, our Treasury could issue our currency debt- and interest-free just like we issue our coins debt- and interest-free.

We understand all of this, I think, in that we use Federal Reserve notes to pay most of our bills and taxes. In the Federal Reserve Act, it originally stated in section 16 that these Federal Reserve notes shall be redeemed in lawful money on demand at the Treasury Department of the United States, or at any Federal Reserve Bank. I am quoting from the act itself. An interesting question is, What is the lawful money mentioned in the original Federal Reserve Act that we will get when we redeem the Federal Reserve notes? That question is never answered.

But here is where the "money muddle," as James Warburg once called it, begins to get really muddy. When we redeem Federal Reserve notes, we get Federal Reserve notes in exchange.